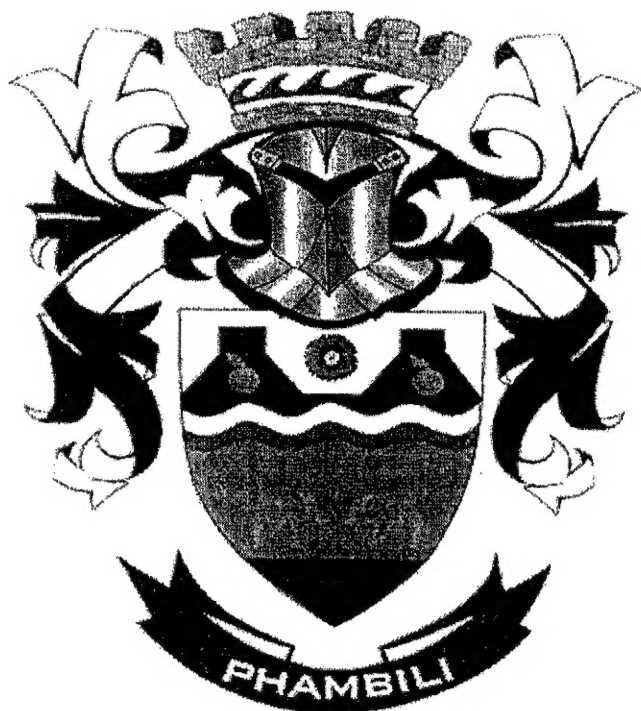


**SUNDAYS RIVER VALLEY MUNICIPALITY**



**FINANCIAL STATEMENT  
30 JUNE 2004**

SUNDAYS RIVER VALLEY MUNCIALITY  
FINANCIAL STATEMENTS  
30 JUNE 2004

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## **GENERAL INFORMATION**

### **Members Of Council**

- 1 F Adams
- 2 J Bona
- 3 R Carolus
- 4 SJ Delpont
- 5 JH Human
- 6 DC Jonas
- 7 LJ Kula
- 8 ZA Lose
- 9 GX Mazungula
- 10 VM Tambo
- 11 MJ Tiyo
- 12 VS Tshaka
- 13 M Viannie

### **Mayor**

ZA Lose

### **Grading of Municipality**

4

### **Auditors**

Auditor-General

### **Bankers**

First National Bank

### **Registered Offices**

30 Middle Street  
Kirkwood  
6120  
Tel: (042) 2300310  
Fax 042-2301799

P.O. Box 47  
Kirkwood  
6120

### **Municipal Manager**

Mr.NK Singanto  
Master Degree in Public Administration

### **Chief Financial Officer**

Mr. MR Abdullah  
B. Com (Hon)., LIMFO., (Registered Municipal Accountant)

### **Approval of Financial Statements**

The Financial Statements as set out were approved by the Municipal Manager and the Chief Financial Officer on 8 December 2004 and presented to and approved by Council on 15 September 2005.

  
MUNICIPAL MANAGER  
CHIEF FINANCIAL OFFICER

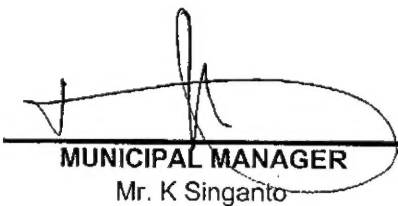
## FOREWORD

The 2003/2004 Financial Statements are a representation of the accounting and trading activities of the Sundays River Valley Municipality.

Income generated was received from two main sources i.e. consumer payments for the deliverance of basic services and a direct transfer from National Treasury, Equitable Share. All income received was utilised for the commitments represented on the Operating and Capital Budget.

Expenditure on the operating budget was fully covered by actual income received. Expenditure in it's nature represents the deliverance of the Budget Commitment.

I would like to express my appreciation to all the Councillors and gratitude to Management and all the municipal staff for the support, honest dedication and hard work to the course of serving our people.



**MUNICIPAL MANAGER**  
Mr. K Singanto

### 1.1 Rates and General

	Actual 2003	Actual 2004	Variance	Budget 2004	Variance Actual/Budget
	R	R	%	R	%
Operating Income for the year	17,202,182.00	20,969,724.00	21.90	17,641,000.00	18.86
Operating Expenditure for the year	16,371,083.00	22,988,896.00	40.41	19,053,050.00	20.55
Closing Surplus/(Deficit)	831,099.00	(2,018,262.00)	342.85	(1,412,050.00)	(42.93)

Rates and General Service traded to a loss of R 2 018 262.

The performance of these services are attribute to the following larger increase in spending, for example:

	expenditure 2003/2004	2002/2003
council general expenses	1,359,988.00	999,430.00
roads and stormwater	809,701.00	1,926.00
administration	1,089,508.00	490,405.00
municipal treasury	6,608,932.00	2,454,613.00
directorale finance	795,965.00	246.00
directorale community services	347,498.00	192,118.00
roadworthy	19,582.00	375.00
vehicle reg. and licensing	83,031.00	151.00
directorale corporate service	32,776.00	402.00
people management	13,641.00	110.00
administration	22,552.00	215.00
secretariate	27,074.00	305.00
town planning	59,979.00	110.00
building and land administration	20,007.00	-

The increase in spending is a result of improving the municipalities performance in service delivery. The separation of expenditure into activities was more clearly defined. Numerous appointments were made in this year. Provision for bad debts amounted to R 1 700 000 under municipal treasury

### 1.2 Housing Services

	Actual 2003	Actual 2004	Variance	Budget 2004	Variance Actual/Budget
	R	R	%	R	%
Operating Income for the year	146,084.00	137,438.00	(5.92)	135,000.00	1.80
Operating Expenditure for the year	38,978.00	58,600.00	53.52	198,051.00	(69.79)
Closing Surplus/(Deficit)	107,106.00	78,838.00	(27.55)	(63,051.00)	223.07

Housing Services traded to a profit of R 77 596 for the year.

The surplus is attributable to the increase in housing development and the generation of administration fees for services rendered by the municipality. This trend is expected to continue with new housing development projects.

This saving on expenditure is as a result of strict budgetary control.

### 1.3 Trading Services

Electricity	Actual 2002	Actual 2003	Variance	Budget 2004	Variance Actual/Budget
	R	R	%	R	%
Operating Income for the year	3,596,421.00	3,645,384.00	8.92	3,536,000.00	8.75
Operating Expenditure for the year	3,064,368.00	3,169,113.00	3.42	3,149,988.00	0.61
Closing Surplus/(Deficit)	532,053.00	676,271.00	27.11	386,012.00	75.19

Water works	Actual 2003	Actual 2004	Variance	Budget 2004	Variance Actual/Budget
	R	R	%	R	%
Operating Income for the year	3,165,005.00	3,269,109.00	66.48	4,498,000.00	17.14
Operating Expenditure for the year	2,222,896.00	2,464,264.00	10.86	3,408,911.00	(27.71)
Closing Surplus/(Deficit)	942,109.00	2,804,845.00	197.72	1,089,089.00	157.54

Electricity traded to a profit of R 676271 which is 27.11% more than last year.  
Water Work traded to a profit of R2 804841 which is 197.72% more than last year.

The increase in water service profit is attributed the significant increase in the sale of water to the new rdp house built totalling 1783 for the year 2003/2004.

Trading Service traded to a total profit of R3481112 (R 1474162 in 2003).

## **2. Capital Expenditure and Financing**

The expenditure on fixed assets during the year amounted to R 928457 (R 80402 in 2003).

It was materially funded by operating income generated.

## **3. External loans, Investment & Cash**

### **3.1 External Loans**

External loans outstanding on 30 June 2004 amounted to R88 463 (R 163 811 in 2003) as set out in appendix B.

### **3.2 Investments & Cash**

Investments (unlisted) and amounts to R 8 317 674 (R 6 702 442 in 2003)  
Cash on hand amounts to R 129 301 (R 463 402 for 2003)

The significant increase in investments is as a result of the increase in funding from other spheres of government for project funding.

### **4.1 Accumulated Funds**

More information on Funds are disclosed in notes (1 to 3) and appendix A to the financial statements.  
Funds increased to R 803711 (R 788311 in 2003).

### **4.2 Provisions & Reserves**

More information on Funds are disclosed in notes (1 to 3) and appendix A to the financial statement.  
Provisions increased to R 12 758 052 (R10 910 827 in 2003).  
Reserves decreased to R 462114 (R629 864 in 2003).

## **5. Debtors**

The total outstanding debtors balance, after the application of the provision for bad debt, totals R13 267 839 (R9797722 in 2003).

## **6. Creditors**

The total outstanding as at 30 June 2004 amounted to R966419.

## **7 Trust Funds**

Trust funds increased to R8 317 674 (R 6 702 442 in 2003)

## **8 Leave Reserve Fund**

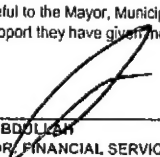
The balance on the Leave Reserve increased to R878676 (R 733 451 in 2003)  
This fund now represents the full liability to leave payments accrued.

## **9 Non-distributable reserve**

The NDR is as a result of the revaluation of all the assets of the municipality during this financial year.

## **Expression of Appreciation**

I am grateful to the Mayor, Municipal Manager, Chairperson of the Standing Committee, Councillors for the support they have given me and the staff of my directorate during the year.

  
MR MR ABDULLAH  
DIRECTOR, FINANCIAL SERVICE

## TREASURER'S REPORT

### Introduction

It is my pleasure to present the 2003/2004 Financial Statements which are a representation of the accounting activities of this Municipality.

Actual Income and expenditure out performed budgeted parameters in an effort to stimulate service delivery.

The Equitable Share allocation has been a major source of revenue for this Municipality during the period under review. The amount received during the 2003/2004 financial year was R 10317644.

Detailed below is the financial report and statements of the Sundays River Valley Municipality for the year ending 30 June 2004.

### 1. Overall Operating Results

An analysis of the operating income and expenditure is set detailed on Appendix "D". The overall operating results for the year ended 30 June 2004 is detailed below:

Income	Actual 2003	Actual 2004	Variance	Budget 2004	Variance Actual/Budget
	R	R	%	R	%
Operating Income for the year	24,109,692.00	30,220,649	25.35	25,810,000.00	17.09
Opening Surplus/(Deficit)	4,334,207.00	5,930,502	36.83	-	#DIV/0!
Sundry Transfers					
	28,443,899	36,151,151	27.10	25,810,000.00	(40.07)

Expenditure	Actual 2003	Actual 2004	Variance	Budget 2004	Variance Actual/Budget
	R	R	%	R	%
Operating expenditure for the year	21,697,335.00	28,680,203	32.18	25,810,000.00	11.12
Sundry transfers/adjustments	-816,065	1,196,970		-	
Closing Surplus/(Deficit)	5,930,499.00	6,272,078	5.76	-	#DIV/0!
	28,443,899	36,151,151	27.10	25,810,000.00	(40.07)

#### Comments:

The 2003/2004 financial year has ended in a surplus of R 1 540 446. Operating income for the year under review increased by 25.35% when compared to the previous year. The total actual income of R 30 220 649 was 17.09% more than budgeted. The total expenditure was 11.12% more than budgeted.

Category over-expenditure are:

	budgeted	actual
General Expenses	7,241,273.00	11,862,462.00
Total	7,241,273.00	11,862,462.00

Over expenditure in the areas relating to general expenses is as a result under budgetary provisions and the unpredictability of inflationary increases in the acquisition of goods and services to be funded from these sources. It should be noted that the municipality is only in its second year of development to create activity based budgets.

These over spendings is however partly offset by savings on the following votes:

	budgeted	actual
Capital Charges	1,281,991.00	646,796.00
Repairs and Maintenance	2,279,717.00	2,027,790.00
Salaries and Wages	12,749,580.00	12,203,138.00
Contributions	40,000.00	23,907.00
provisions	1,700,000.00	1,696,320.00
grants and Donations	3,315.00	3,315.00
Loans	508,067.00	211,621.00
Total	18,562,670.00	16,812,687.00

Total balance	25,803,943.00	28,675,349.00
---------------	---------------	---------------

Ratio of major expenditure groups as against the total operating budget:

Category	%
Salaries, Wages and Allowance	42.56
General Expenses	41.37
Repairs and Maintenance	7.07
Capital Charges	2.26
Contribution	0.08
Loans	0.74
Provisions	5.92
Grants & Donations	0.01
Total	100.00

Bulk purchases of water and electricity represents 23.5% (26.3% in 2003) of the total General Expenses.

# BALANCE SHEET AT 30 June 2004

	Note	2003/2004	2002/2003
CAPITAL EMPLOYED			
FUNDS AND RESERVES		1,265,825	1,418,175
Statutory Funds	1	803,711	788,311
Reserves	3	462,114	629,864
ACCUMULATED SURPLUS/(DEFICIT)	17	6,272,078	5,930,499
		<u>7,537,903</u>	<u>7,348,674</u>
TRUST FUNDS	2	8,317,674	6,702,442
LONG-TERM LIABILITIES	4	47,773	88,464
CONSUMER DEPOSITS	12	158,936	165,391
		<u>16,062,286</u>	<u>14,304,971</u>
EMPLOYMENT OF CAPITAL			
FIXED ASSETS	5	193,400	371,811
LONG-TERM DEBTORS	7	524,736	637,795
		<u>718,136</u>	<u>1,009,606</u>
INVESTMENTS	6	8,542,632	7,839,048
NET CURRENT ASSETS/(LIABILITIES)		6,801,518	5,456,317
CURRENT ASSETS		11,747,895	9,037,885
Inventory	8	8,199	4,339
Debtors	9	11,493,700	8,454,288
Petty Cash	15 & 23	40	40
Bank	15 & 23	129,301	463,402
Short term portion of long term debtors	7	116,655	115,816
CURRENT LIABILITIES		4,946,377	3,581,568
Creditors	11	966,419	523,071
Provisions	10	1,050,605	905,380
Loans: Short term portion	4	40,690	75,347
Bank Overdraft	23	2,888,663	2,077,770
		<u>16,062,286</u>	<u>14,304,971</u>

MUNICIPAL MANAGER

DIRECTOR FINANCIAL SERVICES



INCOME STATEMENT FOR THE YEAR ENDED 30 June 2004

	2002/2003 Actual Income R	2002/2003 Actual Expenditure R	2002/2003 Net Surplus/(Deficit) R	RATES AND GENERAL SERVICES	2003/2004 Actual Income R	2003/2004 Actual Expenditure R	2003/2004 Net Surplus/(Deficit) R	2003/2004 Budget Surplus/(Deficit) R
	17,202,182	16,371,093	831,089		20,968,724	22,986,986	-2,018,262	-1,412,050
	14,979,447	13,502,417	1,477,030	Community Services	18,476,735	19,773,912	-1,297,177	1,952,964
	41,244	946,825	-905,581	Subsidised Services	58,524	924,041	-865,517	-1,381,390
	2,181,491	1,921,851	259,640	Economic Services	2,433,465	2,289,033	144,432	-1,983,624
	146,084	38,978	107,106	HOUSING SERVICES	137,436	59,840	77,596	-63,051
	6,761,426	5,287,264	1,474,162	TRADING SERVICES	9,114,489	5,633,377	3,481,112	1,475,101
	<b>24,109,692</b>	<b>21,697,335</b>	<b>2,412,357</b>	<b>TOTAL</b>	<b>30,220,649</b>	<b>28,680,203</b>	<b>1,540,446</b>	<b>0</b>
			-816,065	Appropriation for the year (refer to note 17)			-1,198,870	
			1,596,292	Net surplus/(deficit) for the year			341,576	
			4,334,207	Accumulated surplus/(deficit) at the beginning of the year			5,930,502	
			<b>5,930,499</b>	<b>ACCUMULATED SURPLUS/(DEFICIT) AT THE END OF THE YEAR</b>			<b>6,272,078</b>	

# CASH FLOW STATEMENT FOR THE YEAR ENDED 30 June 2004

	Note	2003/2004 R	2002/2003 R
<b>CASH RETAINED FROM ACTIVITIES</b>		<b>562,394</b>	<b>2,825,996</b>
Cash generated through activities	19	-22,690,471	-11,086,428
Income from Investments		711,606	1,179,160
(Increase) / Decrease in working capital	22	<u>-2,494,159</u>	<u>-3,528,847</u>
		<b>-24,473,024</b>	<b>-13,436,115</b>
Less: Interest paid		<u>-22,424</u>	<u>-34,365</u>
Cash available from activities		-24,495,448	-13,470,480
Cash contribution from Government		25,057,842	16,296,476
Nett income from sale of Fixed Assets		0	0
<b>CASH EMPLOYED FOR INVESTMENT ACTIVITIES</b>			
Investment in fixed assets	5	-928,457	-80,401
<b>NETT CASH FLOW</b>		<b><u>-366,063</u></b>	<b><u>2,745,595</u></b>
<b>CASH RESULT FROM FINANCING ACTIVITIES</b>			
(Increase) / Decrease in long-term loans	25	-75,347	-182,433
(Increase) / Decrease in cash investments	24	-703,584	-3,174,087
(Increase) / Decrease in cash	23	1,144,994	610,925
<b>NETT CASH ( GENERATED ) / USED</b>		<b><u>366,063</u></b>	<b><u>-2,745,595</u></b>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 June 2004

	2003/2004 R	2002/2003 R
<b>1 ACCUMULATED FUNDS</b>		
REVOLVING FUND	715,745	700,345
STATUTORY FUNDS	87,966	87,966
(Refer to appendix A for more detail)	<b>803,711</b>	<b>788,311</b>
<b>2 TRUST FUNDS</b>		
INFRASTRUCTURE DEVELOPMENT FUND	-422,183	0
I D P FUNDS	162,042	176,363
DOG TAX FUND	159,783	149,373
TOWN PLANNING FUND	76,370	70,742
LEGAL COSTS FUND	24,515	22,711
REZONING	24,519	22,662
PILOT HOUSING	30,902	28,619
SUBDIVISION MOSES MABIDA	85,928	79,627
HOUSING INV.	10,229	9,473
WDC INV.	556,569	668,136
GENERAL VALUATIONS TRUST FUND	106,637	325,076
SPATIAL DEVELOPMENT PLAN	107,422	122,095
CMIP CONTRIBUTIONS TRUST FUND	385,623	450,909
PATERSON FUNDS	753,688	705,750
PATERSON MICRO ENTERPRISES CRAFT CENTRE INVESTM.	142,716	320,062
HUMAN RESOURCE DEVELOPMENT (MSP)	172,464	160,000
FREE BASIC ELECTRICITY FUND	533,647	0
EMSENGENI 282 EST.GRANT FUND	131,977	26,940
EMSENGENI/AQUAPARK HOUSING FUND	-131,944	2,306,494
MSP GRANT 2002/2003	481,287	425,531
ENON CITRUS FARM FUND	664,028	631,879
EMSENGENI PROJ.282 VAT ACCOUNT	520,595	0
KIRKWOOD CEMETERY INVESTFUND	56,185	0
ADDO/VALENCIA 240 SITES FUND	-395,310	0
ENON/BERSHEBA 250 SITES FUND	710,867	0
ENON/BERSHE.ESTABL GRANTFUND	-63,410	0
MOSES MABIDA 250 SITES FUND	1,046,627	0
M/M 250 SITES EST.GRANT	-148,098	0
PATERSON BUCKET ERADICATION FUND	2,521,412	0
ADDO/VALENCIA 240 SITES EST.GRANT FUND	12,587	0
(Refer to appendix A for more detail)	<b>8,317,674</b>	<b>6,702,442</b>
<b>3 RESERVES</b>		
Maintenance & Renewal	3,590	3,590
Rates & General	50,388	50,388
Rent Reserve	44,800	44,800
Sale of Erwen	68,136	68,136
Services	239,139	239,139
Water Reserve	56,061	54,402
Special Fund	0	169,409
(Refer to appendix A for more detail)	<b>462,114</b>	<b>629,864</b>
<b>4 LONG TERM LIABILITIES</b>		
Annuity Loans	88,463	163,811
	<b>88,463</b>	<b>163,811</b>
Less Current portion transferred to current liabilities	40,690	75,347
(Refer to appendix B for mor detail on long term liabilities)	<b>47,773</b>	<b>88,464</b>

Loans bear interest at rates between 8.5% and 17.75% per annum and are repayable over periods of between five and thirty years.  
No securities held over loans.

## 5 FIXED ASSETS

Fixed assets at the beginning of the year	118,547,912	89,061,866
Capital expenditure during the year	928,457	80,401
Revaluation	-17,564,122	29,405,645
	<u>101,912,247</u>	<u>118,547,912</u>
Less: Assets written off, transferred or disposed of during the year	0	0
TOTAL FIXED ASSETS	<u>101,912,247</u>	<u>118,547,912</u>
Less: Loans redeemed and other capital receipts	<u>101,718,847</u>	<u>118,176,101</u>
NET FIXED ASSETS	<u>193,400</u>	<u>371,811</u>

(Refer to appendix C and section A of the Treasurer's Report for more details of Fixed Assets)

## 6 INVESTMENTS

Unlisted		
Short term deposits	<u>8,542,632</u>	<u>7,839,048</u>
	<u>8,542,632</u>	<u>7,839,048</u>

Management valuation of unlisted investments

Average return on investments

The Local Authorities Ordinance No.23 of 1935 requires local authorities to invest funds which are not immediately required with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment

at a plenary rate to meet commitments

No investments were written off during the year.

## 7 LONG TERM DEBTORS

Housing Loans	184,670	189,104
A.C.V.V. Loans	78,414	80,656
Car Loans	<u>378,307</u>	<u>483,851</u>
	<u>641,391</u>	<u>753,611</u>
Less Short term portion transferred to current debtors	<u>116,655</u>	<u>115,816</u>
	<u>524,736</u>	<u>637,795</u>

## 8 STOCK

Stock represents Raw materials, Maintenance materials and Consumables

<u>8,199</u>	<u>4,339</u>
--------------	--------------

## 9 DEBTORS

Trade Debtors	22,770,434	18,209,476
VAT Control	130,293	528,021
Sundry and other debtors	2,060,799	1,053,812
Consumer Deposits: Eskom Electricity	<u>11,860</u>	<u>11,860</u>
	<u>24,973,386</u>	<u>19,803,169</u>
Less Provision for bad debts	<u>11,705,447</u>	<u>10,005,447</u>
	<u>13,267,939</u>	<u>9,797,722</u>
Less: VAT	<u>-1,774,239</u>	<u>-1,343,434</u>
	<u>11,493,700</u>	<u>8,454,288</u>

Note: VAT due to the Receiver of Revenue based on accruals to be paid when received is deducted from debtors

## 10 PROVISIONS

Leave Reserve	878,676	733,451
Audit fees	<u>171,929</u>	<u>171,929</u>
	<u>1,050,605</u>	<u>905,380</u>

## 11 CREDITORS

Trade Creditors	960,717	523,532
Deposits - Hall Rental	-934	-774
Deposits - Poster	363	13
Deposits - Swimming Pool	304	300
Creditors Control	5,969	0
Sundry Income	<u>0</u>	<u>0</u>
	<u>966,419</u>	<u>523,071</u>

## 12 DEPOSITS

Electricity	118,851	129,009
Water	40,085	36,382
	<b>158,936</b>	<b>165,391</b>

## 13 ASSESSMENT RATES

	Site valuations as at 1999	Actual income 2003/2004	Actual income 2002/2003
	R	R	R
All Properties	83,187,061	2,300,010	2,045,267

Valuations on land are normally performed every ten years. The last general valuation came into effect on 1 July 1999. The basic rate was 1.849c per rand on land and 1.233c per rand on improvements.

## 14 COUNCILLORS' ALLOWANCES

Meeting Fees	2,268	1,500
Travelling	103,469	97,803
Mayor's allowance	109,411	100,556
Deputy Mayor's Allowance	0	0
Councillors' allowances	341,408	324,276
	<b>556,556</b>	<b>524,135</b>

## 15 CASH ON HAND

Cash book balance	-2,759,362	-1,614,368
Petty cash	40	40
No assets are held as security for bank overdraft.	<b>-2,759,322</b>	<b>-1,614,328</b>

## 16 AUDITORS' REMUNERATION

Audit fees	141,055	76,581
	<b>141,055</b>	<b>76,581</b>

## 17 APPROPRIATIONS

Accumulated surplus (deficit) at the beginning of the year	5,930,502	4,334,207
Operating (deficit)/surplus for the year	1,540,446	2,412,357
Appropriations for the year:	1,198,870	816,065
Income	1,034,028	22,087
Expenditure	164,842	793,978
Gamap	0	
Accumulated surplus (deficit) at the end of the year	<b>6,272,078</b>	<b>5,930,499</b>

<i>Operating Account:</i>		
Capital expenditure	928,457	80,401

<i>Contributions to:</i>		
Accumulated Funds	0	152,045
Provisions	2,104,725	2,616,013
Reserves	-169,409	222,736
Trust Funds	0	702,556

## 18 FINANCE TRANSACTIONS

Total Interest earned or paid:		
Interest paid - Interest earned on investments	516,331	938,855
Interest earned on rates	283,086	305,698
Interest Paid	22,424	34,365
	<b>821,841</b>	<b>1,278,918</b>

Capital charges debited to operating account:

Interest - External	22,424	34,365
Internal	10,788	15,868
Redemption - External	28,819	76,981
Internal	103,063	100,224
	<b>165,094</b>	<b>227,438</b>

## 19 CASH GENERATED THROUGH ACTIVITIES

(Deficit)/Surplus for the year	1,540,446	2,412,357
Adjustments in respect of:		
Previous years' operating transactions	-1,198,870	-816,065
Appropriations charged against income:	834,615	677,281
- Capital Development Fund	0	152,045
- Provisions and Reserves	235,316	522,736
- Fixed assets	599,299	2,500
Capital Charges:	200,834	216,798
- Interest paid:		
to internal funds	22,424	34,365
on external funds	0	0
- Redemption:		
of internal advances	103,063	100,224
of external loans	75,347	82,209
Income from Investment (Trading)	-195,275	-278,356
Donations and Subsidies (Trading)	-2,166,571	-1,457,926
Non-trading income:	0	0
Income credited against Provisions and Reserves	0	0
Income credited against Funds	0	0
Non-trading expenditure:	-21,705,650	-11,840,517
Expenses debited against Provisions and Reserves	-259,500	-78,618
Expenses debited against Funds	-21,446,150	-11,761,899
	<b>-22,690,471</b>	<b>-11,086,428</b>

## 21 INCREASE/(DECREASE) IN EXTERNAL CASH INVESTMENT

Investment at beginning of year	7,839,048	4,664,961
Investment at end of year	8,542,632	7,839,048
	<b>703,584</b>	<b>3,174,087</b>

## 22 CASH UTILISED TO INCREASE/(DECREASE) WORKING CAPITAL

Increase/(decrease) in Stock	-3,860	1,646
Increase/(decrease) in Debtors	-2,927,192	-2,689,247
Increase/(decrease) in Creditors	436,893	-841,246
	<b>-2,494,159</b>	<b>-3,528,847</b>

## 23 INCREASE/(DECREASE) IN CASH ON HAND

General Account:		
Cash at beginning of year	-2,077,770	-1,296,277
Less: Cash at end of year	-2,888,663	-2,077,770
	<b>-810,893</b>	<b>-781,493</b>
Motor Registration:		
Cash at beginning of year	141,573	0
Less: Cash at end of year	129,301	141,573
	<b>-12,272</b>	<b>141,573</b>
Petty Cash		
Cash at beginning of year	40	40
Less: Cash at end of year	40	40
	<b>0</b>	<b>0</b>
Traffic Fines		
Cash at beginning of year	0	0
Less: Cash at end of year	0	0
	<b>0</b>	<b>0</b>
Nomathamsanqa		
Cash at beginning of year	321,829	292,834
Less: Cash at end of year	0	321,829
	<b>-321,829</b>	<b>28,995</b>
	<b>-1,144,994</b>	<b>-810,925</b>

24 INCREASE/(DECREASE) IN INVESTMENTS

Made	74,310,663	47,762,562
Realised	-73,607,079	-44,588,475
	<u>703,584</u>	<u>3,174,087</u>

25 INCREASE/(DECREASE) IN LONG TERM LOANS

Loans Made	0	0
Loans repaid	75,347	182,433
	<u>-75,347</u>	<u>-182,433</u>

## APPENDIX A

## ACCUMULATED FUNDS, RESERVES AND PROVISIONS

DESCRIPTION	Balance at 30 June 2003	Contribution during year	Interest on investment	Other income	Expenditure during year	Balance at 30 June 2004
<b>ACCUMULATED FUNDS</b>						
REVOLVING FUND	700,345	0	15,400	0	0	715,745
STATUTORY FUNDS	87,966	0	0	0	0	87,966
	<b>788,311</b>	<b>0</b>	<b>15,400</b>	<b>0</b>	<b>0</b>	<b>803,711</b>
<b>TRUST FUNDS</b>						
INFRASTRUCTURE DEVELOPMENT FUND	0			0	422,183	-422,183
I D P FUNDS	176,363	0	9,603	0	23,924	162,042
DOG TAX FUND	149,373		12,910		2,500	159,783
TOWN PLANNING FUND	70,742		5,628		0	76,370
LEGAL COSTS FUND	22,711	0	1,804		0	24,515
REZONING	22,662		1,857			24,519
PILOT HOUSING	28,619		2,283		0	30,902
SUBDIVISION MOSES MABIDA	79,627	0	6,301		0	85,928
HOUSING INV.	9,473	0	756	0	0	10,229
WDC INV.	668,136	0	19,772	0	131,339	556,569
GENERAL VALUATIONS TRUST FUND	325,076	0	23,922	0	242,361	106,637
SPATIAL DEVELOPMENT PLAN	122,095	0	9,779	0	24,452	107,422
MIP CONTRIBUTIONS TRUST FUND	450,909	0	27,469	0	92,755	385,623
PATERSON FUNDS	705,750	0	47,938	0	0	753,688
PATERSON MICRO ENTERPRISES CRAFT CENTRE INVESTM.	320,062	0	17,217	0	194,563	142,716
HUMAN RESOURCE DEVELOPMENT (MSP)	160,000	0	12,464	0	0	172,464
FREE BASIC ELECTRICITY FUND	0	0	11,728	535,414	13,495	533,647
EMSENGENI 282 EST.GRANT FUND	26,940	0	5,664	410,957	311,584	131,977
EMSENGENI/AQUAPARK HOUSING FUND	2,306,494	0	48,184	7,848,074	10,134,696	-131,944
MSP GRANT 2002/2003	425,531	0	30,544	225,215	200,003	481,287
ENON CITRUS FARM FUND	631,879	0	45,908	0	13,759	664,028
EMSENGENI PROJ.282 VAT ACCOUNT	0	0	12,271	508,324	0	520,595
KIRKWOOD CEMETERY INVESTFUND	0	0	1,185	55,000	0	56,185
ADDO/VALENCIA 240 SITES FUND	0	0	41,576	3,926,864	4,363,750	-395,310
ENON/BERSHEBA 250 SITES FUND	0	0	40,722	2,934,600	2,264,455	710,867
ENON/BERSHE.ESTABL GRANTFUND	0	0	1,790	0	65,200	-63,410
MOSES MABIDA 250 SITES FUND	0	0	37,207	3,635,043	2,625,623	1,046,627
M/M 250 SITES EST.GRANT	0	0	691	90,619	239,408	-148,098
PATERSON BUCKET ERADICATION FUND	0	0	21,412	2,500,000	0	2,521,412
ADDO/VALENCIA 240 SITES EST.GRANT FUND	0	0	687	92,000	80,100	12,587
	<b>6,702,442</b>	<b>0</b>	<b>499,272</b>	<b>22,562,110</b>	<b>21,446,150</b>	<b>8,317,674</b>
<b>RESERVES</b>						
MAINTENANCE & RENEWAL FUND	3,590	0	0	0	0	3,590
GENERAL REPAIRS FUND	50,388	0	0	0	0	50,388
INT RESERVE FUND	44,800	0	0	0	0	44,800
SALE OF ERVEN	68,136	0	0	0	0	68,136
SERVICES FUND	239,139	0	0	0	0	239,139
WATER RESERVE	54,402	0	1,659	0	0	56,061
LEAVE RESERVE	169,409	-169,409				0
	<b>629,864</b>	<b>-169,409</b>	<b>1,659</b>	<b>0</b>	<b>0</b>	<b>462,114</b>
<b>PROVISION</b>						
PROVISIONS: LEAVE	733,451	404,725	0	0	259,500	878,676
PROVISIONS: AUDIT FEES	171,929	0	0	0	0	171,929
PROVISION BAD DEBTS	10,005,447	1,700,000	0	0	0	11,705,447
	<b>10,910,827</b>	<b>2,104,725</b>	<b>0</b>	<b>0</b>	<b>259,500</b>	<b>12,756,052</b>
<b>TOTALS</b>	<b>19,031,444</b>	<b>1,935,316</b>	<b>516,331</b>	<b>22,562,110</b>	<b>21,705,650</b>	<b>22,339,551</b>



# APPENDIX B

## EXTERNAL LOANS AND INTERNAL ADVANCES

### EXTERNAL LOANS

Description	Loan No	Date Issued	Redeemable	Interest Rate	Balance at 30 June 2003 R	Received during the year R	Redeemed or written off during the year R	Balance at 30 June 2004 R
<b>Annuity Loans</b>								
DBSA	417	1975	2002	0	34,744	0	16,605	18,139
DBSA	433	1992	2013	0	40,692	0	1,963	38,729
DBSA	627	1990	2006	0	48,791	0	17,196	31,595
INCA	425		2003	0	9,107	0	9,107	0
INCA	426		2003	0	28,819	0	28,819	0
DBSA					59	0	59	0
SANLAM	629		2003	0	1,598	0	1,598	0
					<b>163,810</b>	<b>0</b>	<b>75,347</b>	<b>88,463</b>

### INTERNAL ADVANCES TO BORROWING SERVICES

Description	Balance at 30 June 2003 R	Received during the year R	Redeemed or written off during the year R	Balance at 30 June 2004 R
Revolving Fund	208,002	0	103,063	104,939
				<b>208,002</b>
				<b>0</b>
				<b>103,063</b>
				<b>104,939</b>
				<b>371,812</b>
				<b>0</b>
				<b>178,410</b>
				<b>193,402</b>

## ANALYSIS OF FIXED ASSETS

Expenditure 2002/2003		Balance at 30 June 2003	Expenditure 2003/2004	Written off, Transferred Redeemed or Sold 2003/2004	Revaluation Re-allocation 2003/2004	Balance at 30 June 2004
<b>79,758</b>	<b>RATES AND GENERAL SERVICES</b>	<b>69,035,791</b>	<b>878,087</b>	<b>0</b>	<b>-16,776,939</b>	<b>53,136,939</b>
<b>79,154</b>	<b>Community Services</b>	<b>17,072,442</b>	<b>789,738</b>	<b>0</b>	<b>-3,778,509</b>	<b>14,083,671</b>
0	Vehicles & Furniture	41,600	215,457	0	0	257,057
0	Admin Building	3,797,210	0	0	-3,185,420	611,790
0	Plant	0	0	0	0	0
0	General Engineering	0	70,578	0	0	70,578
0	Fire Fighting	0	58,283	0	0	58,283
0	Streets and Stormwater	0	483	0	0	483
0	Land	3,087,408	180,000	0	471,781	3,739,189
0	Traffic Services	764,552	88,617	0	0	853,169
40,329	Treasury	575,236	73,062	0	0	648,298
0	Health Services	2,396,610	15,694	0	-1,064,870	1,347,434
0	Town Clerk & Administration	13,417	30,884	0	0	44,301
17,925	Municipal Manager	77,377	12,888	0	0	90,265
3,327	Corporate Services	159,492	35,139	0	0	194,631
7,136	Public Works	5,900,000	701	0	0	5,900,701
8,535	Council General	232,675	7,469	0	0	240,144
1,902	Community Services	26,865	0	0	0	26,865
0	General Maintenance	0	483	0	0	483
<b>604</b>	<b>Subsidised Services</b>	<b>31,621,349</b>	<b>70,073</b>	<b>0</b>	<b>-13,144,580</b>	<b>18,546,842</b>
0	Cemetery	5,630,701	0	0	-2,816,070	2,814,631
0	Municipal Buildings	14,693,790	0	0	-6,712,510	7,981,280
0	Parks & Recreation	6,505,200	55,706	0	0	6,560,906
604	Sport Recreation	4,364,780	0	0	-3,953,500	411,280
0	Arts & Culture	0	4,077	0	0	4,077
0	Library Service	318,878	10,290	0	-184,500	144,668
0	Work Centre	108,000	0	0	522,000	630,000
0	<b>Economic Services</b>	<b>20,342,000</b>	<b>18,276</b>	<b>0</b>	<b>146,150</b>	<b>20,506,426</b>
0	Refuse Removal Service	200,000	483	0	0	200,483
0	Sewerage and Sanitation Services	20,142,000	17,793	0	146,150	20,305,943
<b>643</b>	<b>HOUSING SERVICES</b>	<b>13,818,006</b>	<b>16,724</b>	<b>0</b>	<b>81,317</b>	<b>13,916,047</b>
643	Sub Housing Schemes	13,473,964	0	0	81,317	13,555,281
0	Moreson Housing	344,000	0	0	0	344,000
0	Other	42	16,724	0	0	16,766
0	Selling Schemes - Kwazenzele	0	0	0	0	0
0	<b>TRADING SERVICES</b>	<b>35,694,115</b>	<b>33,646</b>	<b>0</b>	<b>-868,500</b>	<b>34,859,261</b>
0	Electricity	14,479,115	0	0	-868,500	13,610,615
0	Water Works	21,215,000	33,646	0	0	21,248,646
<b>80,401</b>	<b>TOTAL FIXED ASSETS</b>	<b>118,547,912</b>	<b>928,457</b>	<b>0</b>	<b>-17,564,122</b>	<b>101,912,247</b>
	<b>LESS LOANS REDEEMED AND OTHER CAPITAL RECEIPTS</b>	<b>118,176,101</b>	<b>1,003,805</b>	<b>-103,063</b>	<b>-17,564,122</b>	<b>101,718,847</b>
	Loans Redeemed and Advances Paid	16,687,632	75,347	0	0	16,762,979
	Contribution ex Operating Income	1,499,041	599,299	-103,063	0	2,201,403
	Grants & Subsidies	15,924,288	329,159	0	0	16,253,447
	Unrealised Profits	414,719	0	0	0	414,719
	Contributions from the Public	98,206	0	0	0	98,206
	Contributions from Capital Fund	2,400,838	0	0	0	2,400,838
	Non-Distributable Reserve	81,151,377	0	0	-17,564,122	63,587,255
		<b>371,811</b>	<b>-75,348</b>	<b>103,063</b>	<b>0</b>	<b>193,400</b>

# APPENDIX D

## ANALYSIS OF OPERATING INCOME AND EXPENDITURE FOR THE PERIOD ENDED

Actual 2002/2003 R		Actual 2003/2004 R	Budgeted 2003/2004 R
INCOME			
2,045,267	Assessment rates	2,300,010	2,406,000
6,571,459	Equitable Share	10,317,644	10,318,000
278,356	Interest on Investment	195,275	35,000
1,457,926	Government and Provincial Grants and Subsidies	2,166,571	1,690,000
13,756,684	Income from tariffs, service charges, etc	15,241,149	11,361,000
<b>24,109,692</b>	<b>TOTAL INCOME</b>	<b>30,220,649</b>	<b>25,810,000</b>
EXPENDITURE			
9,637,269	Salaries, Wages and Allowances	12,203,137	12,749,580
9,506,585	General Expenses	11,867,315	7,241,273
2,503,767	Bulk Purchases Electricity & Water	2,794,204	2,850,000
7,002,818	Other General Expenses	9,073,111	4,391,273
1,604,010	Repairs and Maintenance	2,027,787	2,279,717
649,195	Capital Charges	646,798	1,281,991
-25,110	Contributions	23,907	40,000
318,126	Loan Charges	211,621	508,067
7,259	Contributions to Fixed Assets	0	0
	Provision for Bad Debt	1,696,320	1,700,000
	Grants & Donations	3,315	9,372
<b>21,697,334</b>	<b>Gross Expenditure</b>	<b>28,680,200</b>	<b>25,810,000</b>
0	Less: Amounts Charged out	0	0
<b>21,697,334</b>	<b>NET EXPENDITURE</b>	<b>28,680,200</b>	<b>25,810,000</b>
<b>2,412,358</b>	<b>NET INCOME &amp; EXPENDITURE</b>	<b>1,540,449</b>	<b>0</b>

## APPENDIX E

## DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 June 2004

Actual income 2002/2003	Actual expenditure 2002/2003	Surplus/ (Deficit) 2002/2003		Actual income 2003/2004	Actual expenditure 2003/2004	Surplus/ (Deficit) 2003/2004	Budget Surplus/ (Deficit) 2003/2004
17,202,182	16,371,093	831,089	<b>RATES &amp; GENERAL SERVICES</b>	20,968,724	22,986,986	-2,018,262	-1,412,050
14,979,447	13,502,417	1,477,030	<b>COMMUNITY SERVICES</b>	18,476,735	19,773,912	-1,297,177	1,952,964
100,000	999,430	-899,430	COUNCIL'S GENERAL EXPENSES	1,985	1,359,986	-1,358,001	-1,135,511
16,394	106,541	-90,147	CEMETARY	29,802	122,181	-92,379	-72,000
1,467,303	1,012,234	455,069	HEALTH SERVICES	2,177,870	1,063,917	1,113,953	241,000
16,432	2,274,420	-2,257,988	PUBLIC WORKS	-3,841	2,490,260	-2,494,101	-417,900
0	343	-343	GENERAL ENGINEERING	0	99,608	-99,608	-427,378
0	708	-708	GENERAL MAINTENANCE	0	96,713	-96,713	-465,955
0	1,926	-1,926	ROADS & STORMWATER	0	809,701	-809,701	-1,313,116
0	1,925,140	-1,925,140	MUNICIPAL MANAGER/ADMIN.	0	1,144,464	-1,144,464	-603,000
0	490,405	-490,405	ADMINISTRATION	0	1,069,506	-1,069,506	0
9,535,324	2,454,613	7,080,711	MUNICIPAL TREASURY	13,170,498	6,608,932	6,561,566	9,492,561
0	246	-246	DIRECTORATE FINANCE	-9,852	795,965	-805,817	-819,561
0	192,116	-192,116	DIRECTORATE COMMUNITY SERVICES	0	347,496	-347,496	-577,000
0	10,107	-10,107	FIRE FIGHTING	0	59,197	-59,197	68,000
3,843,994	4,032,514	-188,520	TRAFFIC SERVICES	3,110,571	3,427,342	-316,771	-309,476
0	375	-375	ROADWORTHY	0	19,582	-19,582	-183,267
0	151	-151	VEHICLE REG. & LICENCING	-298	83,031	-83,329	-49,405
0	408	-408	DIRECTORATE CORP.SERVICES	0	32,778	-32,778	-466,510
0	110	-110	PEOPLE MANAGEMENT	0	13,641	-13,641	-200,052
0	215	-215	ADMINISTRATION	0	22,552	-22,552	-223,710
0	305	-305	SECRETARIAT	0	27,074	-27,074	-357,756
0	110	-110	TOWN PLANNING/LAND USE	0	59,979	-59,979	-223,000
0	0	0	BUILDING & LAND ADMINISTRATION	0	20,007	-20,007	-4,000
41,244	946,825	-905,581	<b>SUBSIDISED SERVICES</b>	58,524	924,041	-865,517	-1,381,390
20,839	243,063	-222,224	MUNICIPAL BUILDINGS	28,538	161,676	-133,138	-24,589
0	198	-198	COMMUNITY HALLS	400	78,401	-78,001	-249,228
1,606	418,930	-417,324	LIBRARY	1,360	337,885	-336,525	-322,000
18,799	284,301	-265,502	PARKS & RECREATION	26,226	242,239	-216,013	-257,881
0	148	-148	TOWN BEAUTIFICATION	0	32,779	-32,779	-209,929
0	48	-48	FACILITY MAINTENANCE	0	37,619	-37,619	-100,763
0	89	-89	ARTS AND CULTURE	2,000	29,942	-27,942	-164,555
0	48	-48	SPORTSFIELD	0	3,500	-3,500	-52,445
2,181,491	1,921,851	259,640	<b>ECONOMIC SERVICES</b>	2,433,465	2,289,033	144,432	-1,983,624
1,390,378	1,116,264	274,114	REFUSE REMOVAL	1,509,053	1,307,127	201,926	-254,573
0	5,399	-5,399	REFUSE DUMPS	0	73,941	-73,941	-243,239
791,113	800,188	-9,075	SEWERAGE & SANITATION	924,412	823,934	100,478	-1,390,506
0	0	0	PURIFICATION	0	84,031	-84,031	-95,306
146,084	38,978	107,106	<b>HOUSING SERVICES</b>	137,436	59,840	77,596	-63,051
146,084	38,978	107,106	HOUSING SERVICE	137,436	59,840	77,596	-63,051
6,761,426	5,287,264	1,474,162	<b>TRADING SERVICES</b>	9,114,489	5,633,377	3,481,112	1,475,101
3,165,005	2,211,835	953,170	WATER SERVICES	5,269,254	1,976,834	3,292,420	-1,368,936
0	10,904	-10,904	RETICULATION	-149	477,946	-478,095	2,465,208
0	157	-157	IRRIGATION	0	9,484	-9,484	-7,183
3,596,421	3,064,368	532,053	ELECTRICITY SERVICES	3,845,384	3,115,515	729,869	619,909
0	0	0	TOWNSHIP LIGHTING	0	53,598	-53,598	-233,897
24,109,692	21,697,335	2,412,357	<b>TOTAL</b>	30,220,649	28,680,203	1,540,446	0
		-816,065	Appropriation for the year ( Note 17 )			-1,198,870	
		1,596,292	Nett surplus / (deficit) for the year			341,576	
		4,334,207	Unappropriated surplus at beginning of year			5,930,502	
		5,930,499	UNAPPROPRIATED SURPLUS AT END OF YEAR			6,272,078	